

REBUTTAL TESTIMONY

of

**Mike Luth
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Rates Department
Financial Analysis Division
Illinois Commerce Commission

Petition for Approval of Decommissioning Riders, Cost Estimate, and
Funding Level of Nuclear Decommissioning Trust Fund

Union Electric Company

Docket No. 02-0565

February 19th, 2003

1 Q. Please state your name and business address.

2 A. Mike Luth, Illinois Commerce Commission ("Commission"), 527 East Capitol
3 Avenue, Springfield, Illinois 62701.

4 Q. Are you the same Mike Luth who pre-filed direct testimony in this docket,
5 identified as ICC Staff Exhibit 4.0?

6 A. Yes, I am.

7 Q. What was the subject matter of your pre-filed direct testimony?

8 A. I had two recommendations concerning Union Electric Company's ("AmerenUE"
9 or the "Company") proposed changes to its Rider DEF currently in effect.

10 First, I recommended that the Commission find that the percentage of Union
11 Electric Company's ("AmerenUE" or the "Company") decommissioning costs to
12 be allocated to Illinois should be 6.81% for the Rider DEF billing cycle ending
13 June 30th, 2005, rather than the percentage proposed by the Company of 7.21%.
14 I based my proposed allocation to Illinois upon an adjustment to eliminate
15 demands from interruptible customers and a comparison of Illinois to Total
16 Company demand factors through September 2002, rather than April 2002 as
17 originally proposed by the Company.

18 I also recommended that the Company revise the wording of its tariff for Rider
19 DEF, which is added to base rates in order to recover decommissioning funding,

so that potential confusion can be avoided over whether the Company can continue to bill a currently effective Rider DEF past the January 1st that follows the Company's required filing to revise Rider DEF. Currently, Rider DEF is worded so that it might appear that the Company's proposed Rider DEF will be in effect on January 1st after its September 1st Rider DEF every three years. My proposed change in Rider DEF wording allows the current Rider DEF to be in effect until the Commission approves a revised Rider DEF.

Q. Did AmerenUE accept your recommended change in the allocation of decommissioning costs to Illinois in its pre-filed rebuttal testimony?

A. The Company partially accepted my proposed change in the allocation percentage to Illinois (AmerenUE Exhibit No. KLR-2, page 15, lines 302 through 305). Although the Company proposed a different measuring period for determining the allocation to Illinois than the Company proposed in its pre-filed direct testimony, the Company did not accept my proposed measuring period for determining the percentage of decommissioning costs to be allocated to Illinois, (AmerenUE Exhibit No. KLR-2, page 14, line 282 through page 15, line 301). To determine the allocation of decommissioning costs to Illinois in its required filing to update Rider DEF every three years, the Company recommended the use of a 12-month period ending on June 30th of the year of the Company's Rider DEF filing. In this docket, the difference in the Company's revised proposed measuring period and my proposed measuring period is negligible because both measuring periods result in Illinois allocation percentages of 6.81%.

42 Q. Do you agree with the Company's proposal to revise future allocations every
43 three years based upon the 12 months ending on June 30th of the year that
44 AmerenUE is required to file a revised Rider DEF?

45 A. For the purposes of this docket, since there is little difference in the Illinois
46 allocation factor using either the Company's revised measurement period or the
47 measurement period that I employed in my pre-filed direct testimony, I will not
48 oppose a 12-month measurement period ending June 30th, 2002. Future
49 Commission conclusions on the appropriate allocation to Illinois, however, should
50 not be limited by the results of this docket. As in this docket, future Rider DEF
51 dockets will concern forward-looking Rider DEF charges to be in effect for
52 approximately 2 and one-half years after the AmerenUE filing of a revised Rider
53 DEF. I do not think it is unreasonable to base the Illinois allocation upon the
54 most recent information possible, such as a 12-month period ending in
55 September rather than June. A measurement period ending in September
56 includes the effects of the most recent summer, thereby including the most
57 recent peak period of demand.

58 It is not clear what effect a measurement period ending on September 30th will
59 have on other input parameters that AmerenUE witness Redhage mentions
60 (AmerenUE Exhibit No. KLR-2, page 14, line 290 through page 15, line 301).
61 Under or over-recoveries from the prior reconciliation period will be included in
62 the calculation of the Rider DEF to be in effect following future AmerenUE filings,

as in this docket, regardless of the Illinois allocation measurement period. Future Riders DEF will also most likely be based upon forecasted kWh sales subject to Rider DEF during the next three-year Rider DEF reconciliation period, as in this docket, and should not be affected by the measurement period used to determine the allocation to Illinois. It is certainly acceptable for AmerenUE to file future Riders DEF upon a 12-month allocation measurement period ending June 30th every three years, but the Commission should be able to evaluate whether the June 30th measurement period in those future dockets is appropriate. The Order in this docket should not limit the review of the Commission in future Rider DEF dockets.

Accordingly, the Commission should find that the percentage of decommissioning costs to be allocated to Illinois is 6.81% based upon a review of the 12 months ending June 30th, 2002 in this docket. The Commission should not conclude that the measurement period for determining the allocation of decommissioning costs to Illinois is required to be June 30th of the year of the Company's future Rider DEF filings.

Q. Did AmerenUE accept your recommended change in the wording of Rider DEF in its pre-filed rebuttal testimony?

A. Yes, the Company accepted my proposed change in the wording of Rider DEF (AmerenUE Exhibit No. JRP-2, page 2, lines 39 through 42). With the Company's agreement, the first sentence of the next-to-last paragraph of Sheet

84 No. 122, as shown on Schedule 2, page 1 of AmerenUE Exhibit No. JRP-1,
85 should be revised to replace the words “. . . the following January 1 . . .” with the
86 words “after Commission approval”.

87 Q. Does this conclude your rebuttal testimony?

88 A. Yes, it does.